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LARRY CRAIG

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NEWS RELEASE

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Dan Whiting (202) 224-8078
Sid Smith (208) 342-7985

Surpassed Expectations – Rx Plan Saving Seniors and Taxpayers

By Senator Larry Craig

Every so often we have those moments when we are pleasantly surprised, like when good news suddenly come our way, when a kind gesture catches us off guard or even when we find an extra dollar bill in our pocket. As the past Chairman of the U.S. Senate Special Committee on Aging, I had that experience recently when I learned that the Medicare prescription drug program is working better than expected – seniors are saving more money than they imagined and so are taxpayers.

When the legislation was passed, experts both in and out of government thought the average senior citizen would be paying \$37 a month in Medicare Part D premiums. But aggressive competition between providers, and the selection of low-cost plans by the majority of Medicare beneficiaries, brought the average monthly premium down to \$24. That's \$13 a month less – or \$156 lower per year than expected.

In addition, the Centers for Medicare & Medicaid Services says the average cost of its prescription drug plans will remain stable or decline in 2007, which means more savings are in store for senior citizens and people with disabilities.

Some beneficiaries, especially those who struggle financially, have qualified to receive premium-free Medicare Part D coverage. That's a good thing, and I am pleased that next year, most beneficiaries receiving that help can stay in their current plan with no premium.

But whether they pay a monthly premium or not, the bottom line is that that the plan is saving seniors citizens money. Medicare officials report that Plan D is saving the average senior citizen over \$1,100 a year on prescription medications.

The reality is we are all saving. According to Medicare officials, the net cost to taxpayers for 2006 has dropped about 36 percent from what was anticipated. In real dollars, the cost to fund Medicare Part D over the next five years is expected to be \$110 billion lower than originally projected.

Imagine that – a government program that is helping people and will cost billions of dollars less than anticipated in the following years. That is something to smile about.

Undeniably these reductions were brought about by the informed choices of consumers as they searched for the most suitable plans to meet their needs. Their actions show once again that market competition can work to bring costs down.

Right now about 38 million people receive comprehensive prescription drug coverage through Medicare Part D or employer-sponsored retiree health plans. Nationwide more than two million Part D prescriptions are being filled every day. I suspect thousands are filled daily in our great state of Idaho.

Many senior citizens seem to be satisfied with the plans that they have chosen. The Kaiser Family Foundation recently reported that more than eight out of every 10

seniors are satisfied with the plan they picked. Seniors also indicate that their initial experiences have been positive, and, perhaps the best indicator – three out of every four senior citizens say they would pick the same plan again

Of course, not every senior is satisfied or pleased with the system. I certainly hear from those who have had trouble with the system – they call my offices in Idaho and write to me in Washington, D.C. My staff and I work with them to find solutions.

That is why I am pleased Medicare has also announced it will enhance its services to make it even easier for beneficiaries to determine which option is more convenient for them. Visitors to www.medicare.gov will soon find new tools to estimate their monthly costs with different providers. And it will continue to accept enrollment requests over its 1-800-MEDICARE line.

I had serious concerns about the Medicare Part D plan when we passed it in 2003. It is not perfect, but I'm pleased that it is helping seniors get the medications they need, and that costs are going down for both senior citizens and taxpayers. It has certainly surpassed my expectations.